

COLLATERAL MANAGEMENT

Unlock the potential of your collateral

In today's markets, collateral is an essential component of effective credit risk management.

JPMorgan offers clients the ability to efficiently allocate, utilise and invest their collateral through one of the market's leading technological platforms for collateral management. Our integrated platform offers a high level of automation that reduces the need for manual intervention and allows counterparties to limit the expensive overhead inherent in managing securities collateral.

An opportunity for business growth

While the need to economically and efficiently manage collateral is a given for lenders and borrowers, increasingly both parties also expect to extract incremental value from their collateral assets. JPMorgan understands your desire to reap the full benefits of your bi-lateral or tri-party trading relationships. JPMorgan's range of collateral management options offers a sound, tested legal structure in which exposed parties and collateral providers can realise the potential of collateral as a viable financing tool and a means of increasing return on assets.

A pioneer and market leader

JPMorgan pioneered international tri-party collateral management in 1992, and we have since maintained our tradition of innovation in collateral management. As a leading provider of tri-party services, we continually offer new efficiencies in moving securities around the globe. Our unique technology combines sophisticated collateral testing and concentration controls with a proprietary algorithm that determines the optimal use of diverse collateral pools across a range of counterparty exposures. The result is that the needs of both sides of a transaction can be met within one secure, risk-managed process.

JPMorgan's success in collateral management speaks for itself: We currently manage over \$500 billion in collateral assets, and 17 of the top 20 broker/dealers and more than 50 of the largest financial institutions use the JPMorgan international tri-party programme today.

Tri-party repo

Investors who seek more attractive returns and reduced counterparty risk from short-term cash investments increasingly use sale and repurchase transactions, known as *repos*. JPMorgan's close partnership with an extensive list of cash providers allows us to structure deals that fit the requirements and risk parameters of a wide array of cash providers and buyers in repo transactions. Our integrated, market-leading collateral management service ensures the correct exchange of specified securities for cash and the management of the collateral quality and adequacy during the life of the repo.

Securities lending escrow

JPMorgan has offered its Securities Lending Escrow (SLE) service since 1992. SLE has since become a market leading service in the international securities lending market.

As escrow agent to both lender and borrower, JPMorgan manages securities collateral received from borrowers for the benefit of lenders. SLE provides counterparties with an efficient, flexible programme for holding, marking-to-market, reporting, substitution and redelivery of most collateral types, including corporate and government bonds, equities, convertible bonds, asset backed securities, exchange traded funds and cash.

Derivatives collateral management

JPMorgan offers a suite of integrated services to clients who participate in collateralised transactions such as swaps, derivatives, foreign exchange and pledges. Our collateral management options reduce participants' manual administrative tasks as well as the operational risk of such transactions, while providing the necessary security and safekeeping of securities held. Available services include ongoing collateral eligibility testing, daily marking to market, margin calls, rehypothecation tracking, substitution analysis, asset servicing and reporting.

Cash collateral management

For clients who are subject to government regulations or securities market conventions that require collateral to be maintained in the form of cash, JPMorgan offers cash collateral management that provides a return on assets. JPMorgan will hold and monitor cash collateral in the form of trust assets, allowing clients to earn a hard dollar benefit at a negotiated rate.

Call us

Let us demonstrate the value that partnering with JPMorgan can add to your business. Speak to your relationship manager, or call us:

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We also invite you to visit our Web site at jpmorgan.com/ccm



J.P. Morgan Chase & Co. is a leading global financial services firm headquartered in New York with assets of \$759 billion and operations in more than 50 countries. The firm is a leader in investment banking, asset management, private banking, private equity, custody and transaction services and retail and middle market financial services.

The Clearance & Collateral Management unit is an integral part of JPMorgan Institutional Trust Services (ITS). ITS operates 55 locations in 14 countries and provides transaction services to debt and equity issuers, intermediaries and investors. ITS' capabilities include traditional trustee and paying agent services, American Depositary Receipts (ADRs), clearance and collateral management, asset servicing and administration of asset-backed commercial paper conduits and structured investment vehicles.